



SALT RIVER PROJECT

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KELLY J. BARR, ESQ.

Manager, Regulatory Affairs & Contracts

November 21, 2003

Mr. Ernest Johnson, Director
Utilities Division
Arizona Corporation Commission
1200 West Washington
Phoenix, Arizona 85007

RE: ACC Electric Competition Advisory Group – SRP's Reply Comments
Docket No. E-00000A-02-0051, et.al.

Dear Mr. Johnson:

SRP appreciates the opportunity to provide reply comments to the Arizona Corporation Commission regarding its electric competition rules. SRP continues to believe the ACC should broaden its review of the electric competition rules to include a discussion of key policy issues. In its original comments filed on April 14, 2003, SRP suggested the ACC undertake a review similar to the Arizona Legislature and SRP's Board of Directors. Since the filing of those comments, the Ad Hoc Electric Industry Competition Study Committee of the Arizona Legislature finalized its report and recommended the reappointment of the committee to allow for such further study of the issues. In November 2003 the committee was reappointed. The scope of the new committee is as follows:

To review consumer protection concerns relating to the structure of the electric industry in Arizona. The Committee shall examine and make recommendations on the following issues relating to the status of electric competition in the western grid and in Arizona in particular: (1) the causes and effects of deregulation in Arizona; (2) the impact of the ACC's recent competitive bidding requirement and the effectiveness of protecting consumers from volatile wholesale and retail price swings; (3) the impact of federal activities on Arizona utilities and their consumers; (4) measures to provide consumer protection and to detect and mitigate market manipulation; (5) the structure of the energy markets' impact on Arizona resources, including dependence on a single gas pipeline and Arizona's limited water resources; (6) appropriate changes to the electric power competition act; and (7) any other issue that the Committee deems

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relevant. The Committee may also study testimony and findings, and continue the examination of issues previously specified for review by previous legislative study committees on the subject.

SRP suggests the ACC address these issues in its broader policy review. Perhaps the ACC could work with the Ad Hoc Electric Industry Competition Study Committee to complete the review of key policy issues.

In the APS, AEPCO, GCSEC and Trico comments, the entities recommended a re-examination of the ACC's competition rules. APS' recommendations are consistent with SRP's in that APS specifically recommends the ACC focus on the goals underlying its electric competition policy and address the future of retail competition from a high-level policy perspective. APS offers a list of core issues that should be addressed. In addition, like SRP, APS suggests the ACC consider and evaluate the experiences and assessments in other states regarding electric competition. SRP encourages the ACC to conduct a broader review of key competition-related policy issues as advocated by SRP and others.

I look forward to discussing SRP's recommendations in greater detail at the ECAG meeting scheduled for December 19, 2003. If you have any questions, please feel free to contact me at (602) 236-5262.

Sincerely,

/s/

Kelly J. Barr